

3-30-1998

## Gaming. 3,000 Palm Springs Video Slot Machines.

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**BILL JONES**  
*Secretary of State*  
*State of California*

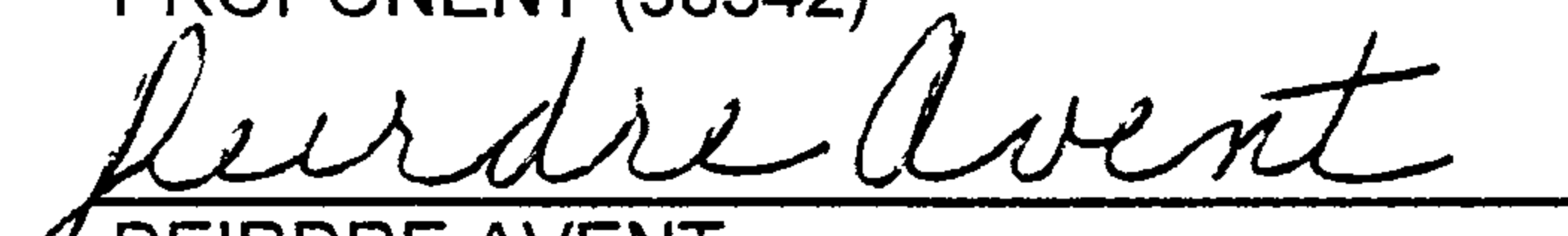
**ELECTIONS DIVISION**  
(916) 657-2166  
1500 - 11<sup>th</sup> STREET  
SACRAMENTO, CA 95814  
Voter Registration Hotline  
1-800-345-VOTE  
For Hearing and Speech Impaired  
Only  
1-800-833-8683  
e-mail: comments@ss.ca.gov

September 10, 1998

**#815**

TO: ALL COUNTY CLERKS/REGISTRARS OF VOTERS AND  
PROPONENT (98342)

FROM:

  
DEIRDRE AVENT  
Elections Analyst

Pursuant to Elections Code section 9030(b), you are hereby notified that the total number of signatures to the hereinafter named proposed INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE filed with all county elections officials is less than 100 percent of the number of qualified voters required to find the petition sufficient; therefore, the petition has failed.

TITLE: GAMING. 3,000 PALM SPRINGS VIDEO SLOT MACHINES.

SUMMARY DATE: March 30, 1998

PROPONENT: James A. Taylor

**RECEIVED**

**OCT 03 1999**

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**BILL JONES**  
*Secretary of State*  
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March 30, 1998

TO: ALL REGISTRARS OF VOTERS, OR COUNTY CLERKS, AND PROPONENTS (98141)

FROM: *Cathy Mitchell*  
**CATHY MITCHELL**  
ELECTIONS SPECIALIST

SUBJECT: INITIATIVE #815

RECEIVED

APR 09 1998

U.S. DEPT. OF JUSTICE

Pursuant to Elections Code section 336, we transmit herewith a copy of the Title and Summary prepared by the Attorney General on a proposed initiative measure entitled:

**GAMING. 3,000 PALM SPRINGS VIDEO SLOT MACHINES.  
INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.**

The proponent of the above-named measure is:

James A. Taylor  
California Gaming Control Committee  
455 Capitol Mall, Suite 801  
Sacramento, CA 95814

#815  
GAMING. 3,000 PALM SPRINGS VIDEO SLOT MACHINES.  
INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

**CIRCULATING AND FILING SCHEDULE**

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1. Minimum number of signatures required: ..... 693,230  
California Constitution, Article II, Section 8(b)
2. Official Summary Date:..... Monday, 03/30/98  
Elections Code section (EC§) 336
3. Petitions Sections:
  - a. First day Proponent can circulate Sections for  
signatures (EC §336) ..... Monday, 03/30/98
  - b. Last day Proponent can circulate and file  
with the county. All sections are to be filed at the  
same time within each county (EC §336, 9030(a)) ..... Thursday, 08/27/98
  - c. Last day for county to determine total number of  
signatures affixed to petitions and to transmit total  
to the Secretary of State (EC §9030(b))..... Thursday, 09/10/98  
  
(If the Proponent files the petition with the county on a date prior to 08/27/98,  
the county has eight working days from the filing of the petition to determine the  
total number of signatures affixed to the petition and to transmit the total to the  
Secretary of State) (EC §9030(b)).
  - d. Secretary of State determines whether the total number  
of signatures filed with all county clerks/registrars of  
voters meets the minimum number of required signatures,  
and notifies the counties (EC §9030(c))..... Saturday, 09/19/98\*
  - e. Last day for county to determine total number of qualified  
voters who signed the petition, and to transmit certificate  
with a blank copy of the petition to the Secretary of State  
(EC §9030(d)(e)) ..... Monday, 11/02/98

\* Date varies based on receipt of county certification.

## INITIATIVE #815

### Circulating and Filing Schedule continued:

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(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 09/19/98, the last day is no later than the thirtieth day after the county's receipt of notification). (EC §9030(d)(e)).

- f. If the signature count is more than 762,553 or less than 658,569 then the Secretary of State certifies the petition as qualified or failed, and notifies the counties. If the signature count is between 658,569 and 762,553 inclusive, then the Secretary of State notifies the counties using the random sampling technique to determine the validity of all signatures (EC §9030(f)(g); 9031(a)) .....Thursday, 11/12/98\*
- g. Last day for county to determine actual number of all qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State. (EC §9031(b)(c)). ..... Tuesday, 12/29/98

(If the Secretary of State notifies the county to determine the number of qualified voters who have signed the petition on a date other than 11/12/98, the last day is no later than the thirtieth working day after the county's receipt of notification) (EC §9031(b)(c)).

- h. Secretary of State certifies whether the petition has been signed by the number of qualified voters required to declare the petition sufficient (EC §9031(d); 9033)..... Saturday, 01/02/99\*

<p><b>NOTE TO PROPONENTS WHO WISH TO QUALIFY FOR THE NOVEMBER 3, 1998 GENERAL ELECTION:</b> This initiative must be certified for the ballot 131 days before the election (June 25, 1998). Please remember to time your submissions accordingly. For example, in order to allow the maximum time permitted by law for the random sample verification process, it is suggested that proponents file their petitions to county elections official by April 17, 1998. If a 100% check of signatures is necessary, it is advised that the petitions be filed by February 25, 1998.</p>
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\* Date varies based on receipt of county certification.

## IMPORTANT POINTS

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- California law prohibits the use of signatures, names and addresses gathered on initiative petitions for any purpose other than to qualify the initiative measure for the ballot. This means that the petitions cannot be used to create or add to mailing lists or similar lists for any purpose, including fundraising or requests for support. Any such misuses constitutes a crime under California law. Elections Code section 18650; *Bilofsky v. Deukmejian* (1981) 123 Cal. App. 3d 825, 177 Cal. Rptr. 621; 63 Ops. Cal. Atty. Gen. 37 (1980).
- Please refer to Elections Code sections 100,101,104,9001, 9008, 9009, 9021, and 9022 for appropriate format and type consideration in printing, typing and otherwise preparing your initiative petition for circulation in printing, typing and otherwise preparing your initiative petition for circulation and signatures, Please send a copy of the petition after you have it printed. This copy is not for our review or approval, but to supplement our file.
- Your attention is directed to the campaign disclosure requirements of the **Political Reform Act of 1974**, Government Code section 81000 et seq. A brief summary is attached for your reference.
- When writing or calling state or county elections officials, provide the official title of the initiative which was prepared by the Attorney General. Use of this title will assist elections officials in referencing the proper file.
- When a petition is presented to the county elections official for filing by someone other than the proponent, the required authorization shall include the name or names of the persons filing the petition.
- When filing the petition with the county elections official, please provide a blank petition for elections official use.

Enclosures

DANIEL E. LUNGREN  
Attorney General

State of California  
DEPARTMENT OF JUSTICE



1300 I STREET, SUITE 125  
P.O. BOX 944255  
SACRAMENTO, CA 94244-2550  
(916) 445-9555  
Facsimile: (916) 323-2137  
(916) 324-5490

March 30, 1998

FILED  
In the office of the Secretary of State  
of the State of California

Bill Jones  
Secretary of State  
1500 - 11th Street  
Sacramento, CA 95814

MAR 30 1998

Re: Initiative Title and Summary  
Subject: GAMING. 3,000 PALM SPRINGS VIDEO SLOT MACHINES.  
INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.  
File No: SA 98 RF 0007

By BILL JONES, Secretary of State  
*Heidi Avent*  
Deputy Secretary of State

Dear Mr. Jones:

Pursuant to the provisions of sections 9004 and 336 of the Elections Code, you are hereby notified that on this day we mailed to the proponent of the above-identified proposed initiative our title and summary.

Enclosed is a copy of our transmittal letter to the proponent, a copy of our title and summary, a declaration of service thereof, and a copy of the proposed measure.

According to information available in our records, the name and address of the proponent is as stated on the declaration of service.

Sincerely,

DANIEL E. LUNGREN  
Attorney General

*Connie Lemus*  
CONNIE LEMUS  
Initiative Coordinator

CL:fec  
Enclosures



Date: March 30, 1998  
File: SA 98 RF 0007

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

GAMING. 3,000 PALM SPRINGS VIDEO SLOT MACHINES. INITIATIVE  
CONSTITUTIONAL AMENDMENT AND STATUTE. Amends Constitution to permit voter-approved casino gambling statutes. Authorizes up to 3,000 video slot machines in Palm Springs, if all forms of permitted gambling and games were conditionally approved by majority of Palm Springs' voters prior to January 1, 1996. Requires two-thirds voter approval at local level for new or expanded cardrooms. Taxes video slot machine revenues; requires taxes be allocated statewide for local public safety purposes. If conflicting regulatory scheme on ballot is approved by more votes, non-conflicting provisions of this measure are severable. Measure supersedes specified legislative regulatory schemes. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: This measure would result in potential significant increases in annual state and local government revenues to the extent there is a large diversion of gambling activity from other states to California. It could also result in increases in local revenues statewide for public safety functions by up to tens of millions of dollars annually from gross revenue tax on video gambling machines in Palm Springs.

CALIFORNIA GAMING CONTROL COMMITTEE  
455 Capitol Mall, Suite 801  
Sacramento, CA 95814

SA98RF0007

February 2, 1998

RECEIVED  
FEB 04 1998

Rosemary Calderon  
Initiative Coordinator  
Department of Justice  
1300 I Street  
Sacramento, CA 95814

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

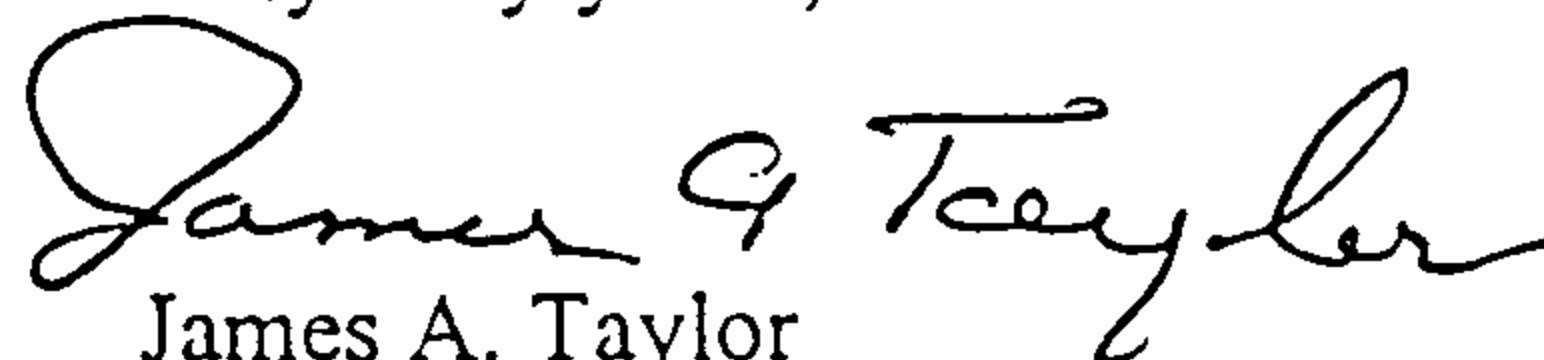
Re: Request for Title and Summary

Dear Ms. Calderon:

Please find enclosed an initiative entitled "The Gaming Control Act of 1998." I am the proponent of this initiative and am a registered voter. I have enclosed the \$200.00 filing fee with this letter. This initiative is identical to the one I filed on August 21, 1997.

Please prepare a title and summary of the initiative as soon as possible.

Very truly yours,

  
James A. Taylor  
Proponent

Gaming Control Act of 1998SECTION 1. Declaration of Findings and Purposes

(a) Californians have long opposed casino style gaming of the type that operates in Nevada and New Jersey. Such uncontrolled gaming in hotels, airports, grocery stores, restaurants and bars is inconsistent with the "California lifestyle."

(b) However, California has lost substantial tourism business to Nevada because of its ban on casino gaming. The state's share of national tourism has dropped by 16.8 percent since 1990.

(c) In fact, approximately \$9.5 Billion is spent annually in Nevada by Californians all to the detriment of California business and taxpayers.

(d) In order to preserve California's rightful place as a center of tourism in the United States and to preserve and enhance tourism related enterprises in California for the benefit of California businesses and taxpayers, limited and highly regulated gaming designed to enhance and promote tourism shall be permitted.

(e) The unregulated expansion of cardrooms and other forms of legal gaming threatens the public health and safety of all Californians. A comprehensive regulatory framework and creation of a statewide agency to monitor gaming activities is necessary to ensure that such gaming is free from corruption.

SECTION 2. Gaming Control

Subdivision (a) of Section 19 of Article IV of the California Constitution is hereby amended to read as follows:

SEC. 19. (a) Except as provided by statutes approved by the electors, including this measure, casino style gaming is prohibited in the State. Casino style gaming means all forms of gambling prohibited by Chapter 9 and Chapter 10 of the Penal Code as it read on the date this section became effective.

Subdivision (e) of Section 19 of Article IV of the California Constitution is amended to read as follows:

SEC. 19. (e) Except as provided in subdivision (b), (c) and (d), gaming shall be regulated by the State Gaming Commission.

SECTION 3. State Gaming Commission

Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code is repealed and replaced by the following:

## CHAPTER 5. THE GAMING CONTROL ACT

### Article 1. General Provisions

19800. This chapter shall be known and may be cited as the "Gaming Control Act of 1998."

19801. The People hereby find and declare all of the following:

(a) The longstanding public policy of this state disfavors unregulated gambling. Unregulated gambling enterprises are inimical to the public health, safety, welfare, and good order. Accordingly, no person in this state has a right to operate a gambling enterprise except as may be expressly permitted by the laws of this state and by the ordinances of local governmental bodies.

(b) It is the policy of this state that gambling activities that are not expressly prohibited or regulated by state law may be prohibited or regulated by local government.

(c) It is not the purpose of this chapter to create any right to operate a gambling enterprise in this state, or to have a financial interest in any gambling enterprise. Rather, it is the purpose of this chapter to regulate businesses that offer otherwise lawful forms of gambling games.

(d) Public trust that permissible gambling will not endanger the public health, safety, or welfare requires that comprehensive measures be enacted to ensure that such gambling is free from criminal and dishonest elements, that it is conducted honestly and competitively, and that it is conducted in suitable locations.

19802. (a) It is the intent of the People, in enacting this chapter, to provide uniform, minimum standards of regulation of permissible gambling activities and the operation of lawful gambling establishments.

(b) Nothing in this chapter shall be construed to preclude any city, county, or city and county from prohibiting any gambling activity, from imposing more stringent local controls or conditions upon gambling than are imposed by this chapter or by the commission, from inspecting gambling premises to enforce applicable state and local laws, or from imposing any local tax or license fee, if the prohibition, control, condition, inspection, tax or license fee is not inconsistent with this chapter. Nothing in this chapter shall be construed to affect the responsibility of local law enforcement agencies to enforce the laws of this state, including this chapter.

19805. As used in this chapter, the following words mean:

(a) "Applicant" means any person who has applied for, or is about to apply for, a state gambling license, manufacturer's or distributor's license, or approval of any act or transaction for which commission approval is required or permitted under this chapter.

(b) "Banking game" is a game conducted by one or more persons where there is a fund against which everybody has a right

to bet, the bank being responsible for the payment of all the funds, taking all that is won, and paying out all that is lost. Games played with pari-mutuel video gaming machines in which prizes are funded, in part, with funds provided or lent by a gambling establishment necessary to establish an initial prize pool, in an amount to be determined by the establishment, shall not be considered banking games.

(c) "California style gaming" means any pari-mutuel video gaming machine, contrivance, appliance or mechanical device, upon the result of action of which money or other valuable thing is staked or hazarded, as defined in Penal Code section 330a.

(d) "Commission" means the California Gaming Control Commission.

(e) "Controlled game" means any controlled game, as defined by subdivision (d) of Section 337j of the Penal Code.

(f) "Controlled gambling" means to deal, operate, carry on, conduct, maintain, or expose for play any controlled game.

(g) "Director" means the Director of the Division of Gambling Control.

(h) "Division" means the Division of Gambling Control in the Department of Justice.

(i) "Finding of suitability" means a finding that a person meets the qualification criteria described in subdivisions (a) and (b) of Section 19848, and that the person would not be disqualified from holding a state gambling license on any of the grounds specified in subdivisions (b) to (f), inclusive, of Section 19850.

(j) "Gambling" means to deal, operate, carry on, conduct, maintain, or expose for play any controlled game.

(k) "Game" and "gambling game" means any controlled game.

(l) "Gambling establishment" or "establishment" means one or more rooms where any controlled gambling occurs.

(m) "Gambling equipment" means cards, tiles, dice, chips, dealing shoes, drop boxes, gambling tables, devices for weighing and counting money, and any other equipment or mechanical, electromechanical, or electronic contrivance, component, or machine used remotely or directly in connection with gambling or any controlled game.

(n) "Gambling license" means any license issued by the state that authorizes the person named therein to conduct a gambling operation.

(o) "Gambling operation" or "gambling enterprise" means one or more controlled games or California style gaming games that are dealt, operated, carried on, conducted, maintained, or exposed for play for commercial gain.

(p) Except as provided by regulation, "gross revenue" means the total of all compensation received for conducting any controlled game, or California style gaming game, and includes cash, such as fees or interest, received in payment for credit extended by an owner licensee to a patron for purposes of gambling.

(q) "Key employee" means any natural person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make discretionary decisions that regulate gambling operations, including, without limitation, pit bosses, shift bosses, credit executives, cashier operations supervisors, gambling operation managers and assistant managers, managers or supervisors of security employees, or any other natural person designated as a "key employee" by the commission for reasons consistent with the policies of this chapter.

(r) "Key employee license" means a state license authorizing the holder to be associated with a gambling enterprise as a key employee.

(s) "Licensed gambling establishment" means the gambling premises encompassed by a state gambling license.

(t) "Limited partnership" means a partnership formed by two or more persons having as a member one or more general partners and one or more limited partners.

(u) "Owner licensee" means an owner of a gambling enterprise who holds a state gambling license.

(v) Unless otherwise indicated, "person" includes a natural person, corporation, partnership, limited partnership, trust, joint venture, association, or any other business organization.

(w) "Pari-mutuel video gaming machine" means any electronic gaming device whereby prizes are distributed among persons who have paid, or have agreed to pay, for the opportunity to win such prizes. Such devices may not conduct banking games and shall not dispense coin or currency.

(x) "Publicly traded corporation" means as follows:

(1) Either of the following:

(A) Any corporation or other legal entity, except a natural person, to which any of the following apply:

(i) It has one or more classes of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (15 U.S.C. Sec. 781).

(ii) It is an issuer subject to Section 15(d) of the Securities Exchange Act of 1934, as amended (15 U.S.C. Sec. 78o).

(iii) It has one or more classes of securities exempted from the registration requirements of Section 5 of the Securities Act of 1933, as amended (15 U.S.C. Sec. 77e) solely by reason of an exemption contained in Section 3(a) 10, 3(a)11, 3(c) of the Securities Act of 1933, as amended (15 U.S.C. Secs. 77c(a)(10), 77c(a)(11), and 77c(c), or 17 C.F.R. Secs. 230.51 et seq.).

(B) Any corporation or other legal entity created under the laws of a foreign country to which both of the following apply:

(i) It has one or more classes of securities registered on that country's securities exchange or over-the-counter market.

(ii) Its activities have been found by the commission to be regulated in a manner that protects the investors and the State of California.

(2) "Publicly traded corporation" does not include any corporation or other legal entity that has securities registered,



or is an issuer, pursuant to subparagraph (A) of paragraph (1), solely because either of the following circumstances exist:

(A) It guaranteed a security issued by an affiliated company pursuant to a public offering.

(B) It is considered by the Securities and Exchange Commission to be a co-issuer of a public offering of securities pursuant to Section 230.140 of Title 17 of the Code of Federal Regulations.

(y) "Security" means any stock, membership in an incorporated association, bond, debenture, or other evidence of indebtedness, investment contract, voting trust certificate, certificate of deposit for a security, or, in general, any interest or instrument commonly known as a "security," or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing. Except as may be determined by regulation, all of the foregoing are securities whether or not evidenced by a written document.

19806. Except as otherwise provided, nothing in this chapter shall be construed in any way to permit or authorize any conduct made unlawful by Chapter 9 (commencing with Section 319) of, or Chapter 10 (commencing with Section 330) of, Title 9 of Part 1 of the Penal Code, or any local ordinance.

19807. Except as otherwise provided in this chapter, whenever the division or commission is a defendant or respondent in any proceeding, venue for the proceeding shall be in the County of Sacramento.

## Article 2. Administration.

19810. There is in state government the California Gaming Control Commission, consisting of five members. Jurisdiction and supervision over gambling establishments in this state and over all persons or things having to do with the operation of gambling establishments, including licensing, is vested in the commission.

19811. (a) Each member of the commission shall be a citizen of the United States and a resident of this state.

(b) No member of the Legislature, no person holding any elective office in state, county, or local government, and no officer or official of any political party is eligible for appointment to the commission.

(c) No more than three members of the commission shall be members of the same political party.

19812. (a) Of the members initially appointed, one shall be appointed for a term of two years, one shall be appointed for a term of three years, one shall be appointed for a term of four years, and two shall be appointed for a term of five years. After the initial term, the term of office of each member of the commission is five years. No member shall serve more than one term.

(b) The Governor shall appoint the members of the commission, subject to confirmation by the Senate, and shall

designate one member to serve as chairperson. The initial appointments shall be made on or before March 1, 1999. Thereafter, vacancies shall be filled by the Governor within 60 days of the date of the vacancy subject to confirmation by the Senate.

(c) The Governor may remove any commissioner for incompetence, neglect of duty, or corruption upon first giving him or her a copy of the charges and an opportunity to be heard.

19813. (a) The commission members shall devote that time to the business of the commission as may be necessary to the discharge of their duties.

(b) Before entering upon the duties of his or her office, each member shall subscribe to the constitutional oath of office and, in addition, swear that he or she is not pecuniarily interested in, or doing business with, any person, business, or organization holding a gambling license.

19814. The members of the commission shall receive a per diem of one hundred dollars (\$100) for each day spent in attendance at meetings scheduled by the chairperson of the commission for the purpose of fulfilling the duties of the commission pursuant to this chapter, and shall be reimbursed for traveling and other expenses necessarily incurred in the performance of official duties.

19815. (a) The commission shall have an executive secretary appointed by the commission.

(b) The executive secretary shall receive the annual salary established by the commission and approved by the Department of Personnel Administration. The executive secretary shall be the commission's executive officer and shall carry out and execute the duties as specified by law and by the commission and, for that purpose, the executive secretary may appoint staff and clerical personnel. It is the intent of the People that the employment of assistants and clerical personnel as provided by this subdivision shall not be accomplished by any reduction in reasonably necessary staffing level of the division.

19816. The division may furnish to the commission all investigative and technical services as may be necessary for the purpose of carrying out the commission's functions.

19817. (a) The commission shall establish and maintain a general office for the transaction of its business in Sacramento. The commission may hold meetings at any place within the state when the interests of the public may be better served.

(b) A public record of every vote shall be maintained at the commission's general office.

(c) A majority of the membership of the commission is a quorum of the commission. The concurring vote of three members of the commission shall be required for any official action of the commission or for the exercise of any of the commission's duties, powers, or functions.

(d) Except as otherwise provided in this chapter, Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code applies to meetings



of the commission. Notwithstanding Section 11125.1 of the Government Code, documents, which are filed with the commission by the division for purposes of evaluating the qualifications of an applicant, are exempt from disclosure under Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.

19818. The Commission shall have a General Counsel to serve as legal counsel to, and attorney for, the commission. The General Counsel shall receive the annual salary established by the commission and approved by the Department of Personnel Administration.

19819. The Auditor General shall have the authority to conduct independent audits of the collection, receipt, accounting, and expenditure of all funds of the commission.

19820. (a) The commission shall cause to be made and kept a record of all proceedings at regular and special meetings of the commission. These records shall be open to public inspection.

19822. Responsibilities of the commission shall include, without limitation, the following:

(a) Assuring that licenses, approvals, and permits are not issued to, or held by, unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

(b) Assuring that there is no material involvement, directly or indirectly, with a licensed gambling operation or the ownership or management thereof, by unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

(c) For purposes of this section, "unqualified person" means a person who is found by the commission to be unqualified pursuant to the criteria set forth in Section 19848, and "disqualified person" means a person who is found by the commission to be disqualified pursuant to the criteria set forth in Section 19850.

19823. The commission shall have all powers necessary and proper to enable it to fully and effectively carry out the policies and purposes of this chapter, including, without limitation, the power to do all of the following:

(a) Require any person to apply for a license or approval as specified in this chapter.

(b) Deny any application for a license or approval; limit, condition, restrict, suspend, or revoke any license or approval; or impose any fine upon any person licensed or approved, for any cause deemed reasonable by the commission.

(c) Approve or disapprove transactions, events, and processes as provided in this chapter.

(d) Take actions deemed to be reasonable to ensure that no ineligible, unqualified, disqualified or unsuitable persons are associated with gambling enterprises.

(e) Take actions deemed to be reasonable to ensure that gambling activities take place only in suitable locations.

(f) Grant temporary licenses or approvals on appropriate terms and conditions.

(g) Institute a civil action in any superior court against any person subject to this chapter to restrain a violation of this chapter. An action brought against a person pursuant to this section does not preclude a criminal action or administrative proceeding against that person by the Attorney General or any district attorney or city attorney.

19824. The division shall have all of the following responsibilities:

(a) To investigate the qualifications of applicants before any license is issued, and to investigate any request to the commission for any approval or permission that may be required pursuant to this chapter. The division may recommend the denial or the limitation, conditioning, or restriction of any license, approval, or permission.

(b) To monitor the conduct of all licensees and other persons having a material involvement, directly or indirectly, with a gambling operation or its holding company, for the purpose of ensuring that licenses are not issued or held by, and that there is no direct or indirect material involvement with, a gambling operation or holding company by ineligible, unqualified, disqualified, or unsuitable persons, or persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

(c) To investigate suspected violations of this chapter or laws of this state relating to gambling, including any activity prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with Section 330) of Title 9 of Part 1 of the Penal Code.

(d) To investigate complaints that are lodged against licensees, or other persons associated with a gambling operation, by members of the public.

(e) To initiate, where appropriate, disciplinary actions as provided in this chapter. In connection with any disciplinary action, the division may seek restriction, limitation, suspension, or revocation of any license or approval, or the imposition of any fine upon any person licensed or approved.

19825. (a) The division has all power necessary and proper to enable it to carry out fully and effectually the duties and responsibilities of the division specified in this chapter.

### Article 3. Regulations

19830. (a) The commission may adopt regulations for the administration and enforcement of this chapter. The division may adopt regulations reasonably related to its functions and duties as specified in this chapter. To the extent appropriate, regulations of the commission and division shall take into consideration the operational differences of large and small establishments.

(b) Except as expressly provided in this chapter, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code shall apply to any regulation adopted pursuant to this article.

19831. In emergencies, the commission or the division may summarily adopt, amend, or repeal any regulation if, at the time, the commission or the division makes a finding that the action is necessary for the immediate preservation of the public peace, health, safety, morals, good order, or general welfare, together with a statement of the facts constituting the emergency.

19832. The commission shall not prohibit, on a statewide basis, any controlled game that was lawfully played in California prior to July 1, 1997. Nothing in this section shall be construed to preclude the commission from prohibiting, on a statewide basis, any game that is made unlawful in this state by any law.

#### Article 4. Licensing

19840. Every person who, either as owner, lessee, or employee, whether for hire or not, either solely or in conjunction with others, deals, operates, carries on, conducts, maintains, or exposes for play any controlled game or California style gaming in this state, or who receives, directly or indirectly, any compensation or reward, or any percentage or share of the money or property played, for keeping, running, or carrying on any controlled game or California style gaming in this state, shall obtain, and thereafter maintain, a valid state gambling license, key employee license, or work permit, as specified in this chapter. In any criminal prosecution for violation of this section, the punishment shall be as provided in Section 337j of the Penal Code.

19840.5 (a) The owner of a gambling enterprise shall apply for and obtain a state gambling license.

(b) Other persons who also obtain a state gambling license, or key employee license, as required by this chapter, shall not receive a separate license certificate, but the license of every such person shall be endorsed on the license that is issued to the owner of the gambling enterprise.

19841. (a) An owner of a gambling enterprise that is not a natural person shall not be eligible for a state gambling license unless each of the following persons individually applies for and obtains a state gambling license:

(1) If the owner is a corporation, then each officer, director, and shareholder of the owner.

(2) If the owner is a partnership, then every general and limited partner of, and every other person having or acquiring a beneficial interest of at least 10 percent in, that partnership owner.

(b) Notwithstanding subdivision (a), a publicly traded corporation may not be eligible to receive a gambling license as the owner of a gambling enterprise until January 1, 2000, except as follows:

(1) An owner that has owned and operated a cardroom for at least five years prior to the adoption of this chapter, may be eligible to receive a gambling license as a publicly traded corporation under this chapter, beginning January 1, 1999.

(2) A publicly traded corporation which is licensed to conduct horseracing and simulcast wagering pursuant to chapter 4 (commencing with Section 19400) may be eligible to receive a gambling license for only three cardrooms, one of which must be located on the same premises as the entity's racetrack.

19842(a) An owner of a gambling enterprise is ineligible to obtain a state gambling license:

(1) If the applicant is an natural person or partnership which includes natural persons, and one or more of the applicants have any financial or other interest in any business or organization outside the State of California which is engaged in any form of gambling or gaming not authorized by the laws of this state, unless he or she has been registered in this state pursuant to the "Gaming Registration Act" as it existed prior to the adoption of this Act for a period of not less than five consecutive years before obtaining his or her interest in the out-of-state business or organization.

(2) If the applicant is a corporation and the corporation or any of the officers, directors or shareholders have any financial or other interest in any business or organization outside the State of California which is engaged in any form of gambling or gaming not authorized by the laws of this state, unless he, she or it has been registered in this state pursuant to the "Gaming Registration Act" as it existed prior to the adoption of this Act.

(b) This section does not apply to any entity or person licensed to conduct horseracing and simulcast wagering pursuant to chapter 4 (commencing with Section 19400).

19843. For purposes of sections 19841 and 19842, in the case of a publicly traded corporation, the term "shareholder" means any person or entity subject to the registration and filing requirements of Section 16(a) of the Securities and Exchange Act of 1934, as amended (15 USC Sec. 78p). In the case of a corporation that is not a publicly traded corporation, the term "shareholder" means any person owning or acquiring ten percent or more of the shares issued by the corporation.

19844. (a) Every key employee shall apply for and obtain a key employee license.

(b) Licenses issued to key employees shall be for specified positions only, and those positions shall be enumerated in the endorsement described in subdivision (b) of Section 19840.5.

(c) No person may be issued a key employee license unless the person would qualify for a state gambling license.

(d) No person is eligible to apply for a key employee license unless the person is a resident of this state.

19845. Any person who manufactures or distributes, for use within the territorial boundaries of this state, any gambling equipment to be used in connection with controlled gambling or California style gaming, shall apply for and obtain a manufacturer's or distributor's license in accordance with commission regulations.

19846. Every person who, by statute or regulation, is required to hold a state license shall obtain the license prior to engaging in the activity or occupying the position with respect to which the license is required. Every person who, by order of the commission, is required to apply for a gambling license or a finding of suitability shall file the application within 30 calendar days after receipt of the commission's order.

19847. (a) Any person who the commission determines is qualified to receive a state license, including a manufacturer's or distributor's license, having due consideration for the proper protection of the health, safety, and general welfare of the residents of the State of California and the declared policy of this state, may be issued a license. The burden of proving his or her qualification to receive any license is on the applicant.

(b) An application to receive a license constitutes a request for a determination of the applicant's general character, integrity, and ability to participate in, engage in, or be associated with, controlled gambling.

(c) In reviewing an application for any gambling license, the commission shall consider whether issuance of the license is inimical to the public health, safety, or general welfare, and whether issuance of the license will undermine public trust that the gambling operations, with respect to which the license would be issued, are free from criminal and dishonest elements and would be conducted honestly.

19848. No gambling license or manufacturer's or distributor's license, shall be issued unless, based on all of the information and documents submitted, the commission is satisfied that the applicant is all of the following:

(a) A person of good character, honesty, and integrity.

(b) A person whose prior activities, criminal record, if any, reputation, habits, and association do not pose a threat to the public interest of this state, or to the effective regulation and control of gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling or in the carrying on of the business and financial arrangements incidental thereto.

(c) A person that is in all other respects, qualified to be licensed as provided in this chapter.

19850. The commission shall deny a license to any applicant who is disqualified for any of the following reasons:

(a) Failure of the applicant to clearly establish eligibility and qualification in accordance with this chapter.

(b) Failure of the applicant to provide information, documentation, and assurances required by this chapter or requested by the director, or failure of the applicant to reveal



any fact material to qualification, or the supplying of information that is untrue or misleading as to a material fact pertaining to the qualification criteria.

(c) Conviction of the applicant for any crime punishable as a felony.

(d) Conviction of the applicant for any crime involving dishonesty or moral turpitude within the 10 year period immediately preceding the submission of the application, unless the applicant has been granted relief pursuant to Section 1203.4, 1203.4a, 1203.45 of the Penal Code.

(e) Association of the applicant with criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.

(f) Contumacious defiance by the applicant of any legislative investigatory body, or other official investigatory body of any state or the United States, when that body engaged in the investigation of crimes relating to gambling; official corruption related to gambling activities; or criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.

(g) The applicant is less than 21 years of age.

19851. The commission shall deny a gambling license with respect to any gambling establishment that is located in a city, county, or city and county that does not have an ordinance governing all of the following matters:

(a) The hours of operation of gambling establishments.

(b) Patrol security and safety in and around the gambling establishments.

(c) The location of gambling establishments.

(d) Wagering limits in gambling establishments.

19855. (a) An application for a license shall be accompanied by the deposit of a sum of money which, in the judgment of the director, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of the application. The director shall adopt a schedule of costs and charges of investigation for use as guidelines in fixing the amount of any required deposit under this section.

(b) During an investigation, the director may require an applicant to deposit any additional sums required by the division to pay final costs and charges of the investigation.

(c) Any money received from an applicant in excess of the costs and charges incurred in the investigation or the processing of the application shall be refunded pursuant to regulations adopted by the division. At the conclusion of the investigation, the director shall provide the applicant a written accounting of the costs and charges so incurred.

19856. (a) To the extent practicable, all applications shall be acted upon within 180 calendar days of submission of a completed application. If an investigation has not been concluded within 180 calendar days after submission of a completed application, the division shall inform the applicant in writing of the status of the investigation and shall provide the

applicant with an estimated date of which the investigation may reasonably be expected to be concluded.

(b) If denial of the application is recommended, the director shall prepare and file with the commission his or her written reasons upon which the recommendation is based.

(1) Prior to filing his or her recommendation with the commission, the director shall meet with the applicant, or the applicant's duly authorized representative, and inform him or her generally of the basis for any proposed recommendation that the application be denied, restricted, or conditioned.

(2) Not less than 10 business days prior to the commission meeting at which the application is to be considered, the division shall deliver to the applicant a summary of the director's final report and recommendation.

19858. (a) The commission, after considering the recommendation of the director and such other testimony and written comments as may be presented at the meeting, or as may have been submitted in writing to the commission prior to the meeting, may either deny the application or grant a license to an applicant who it determines to be qualified to hold the license.

(b) In any judicial proceeding to review the decision of the commission denying a license or approval, or imposing conditions or restrictions on a license or approval, the court may grant the petition if the court finds that the action of the commission was arbitrary and capricious, or that the action exceeded the commission's jurisdiction.

19859. No license may be assigned or transferred either in whole or in part.

19860. Subject to subdivision (b) of Section 19840.5, the commission shall issue and deliver to the applicant a license entitling the applicant to engage in the activity for which the license was issued, together with an enumeration of any specific terms and conditions of the license if both of the following conditions have been met:

(a) The commission is satisfied that the applicant is eligible and qualified to receive the license.

(b) All license fees required by law and regulations of the commission have been paid.

19861. An owner's gambling license shall be posted at all times in a conspicuous place in the area where gambling is conducted in the establishment for which the license is issued until it is replaced by a succeeding license.

19862. (a) Subject to the power of the commission to deny, revoke, suspend, condition, or limit any licenses, a license shall be renewed annually from the date of issuance, upon proper application for renewal and payment of state license fees as required by the statute or regulation.

(b) If an owner licensee fails to renew the gambling license as provided in this chapter, the commission may order the immediate closure of the premises and a cessation of all gambling activity therein until the license is renewed.

19865. (a) For purposes of this section, "provisional license" means a license that is either granted by operation of law, pursuant to this section, or is issued by the Director of the Division of Gambling Control pursuant to this section, and authorizes the holder to own and operate a gambling establishment. Issuance of a provisional license creates no vested right to the issuance of a state gambling license by the California Gaming Control Commission. A provisional license is held subject to all terms and conditions under which a state gambling license is held pursuant to this Act.

(b) Every owner of a gaming club possessing a valid registration, issued pursuant to former Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code, as it read immediately prior to its repeal by this act, and unexpired as of the date of this enactment, shall be deemed, as of that date, to hold a provisional license, as an owner licensee, to conduct those activities authorized by the registration.

(c) Every person holding a provisional license pursuant to subdivision (b), who desires that the provisional license be converted to a gambling license under the Gambling Control Act enacted by this act shall, no later than January 31, 1999, deposit with the Division of Gambling Control a license fee calculated as the amount specified for each level of operation in subdivision (a) of Section 19941 of the Business and Professional Code, as enacted by this act.

#### Article 9.1. Conditions of Operation

19915. It is the policy of the State of California to require that all gambling establishments in this state be operated in a manner suitable to protect the public health, safety, and general welfare of the residents of the state. Responsibility for the employment and maintenance of suitable methods of operation rests with the owner licensee, and willful or persistent use or toleration of methods of operation deemed unsuitable by the commission or by local government shall constitute grounds for license revocation or other disciplinary action.

19916. No owner licensee shall operate a gambling enterprise in violation of any provision of this chapter or any regulation of the commission adopted pursuant to this chapter.

19917. No owner licensee shall operate a gambling enterprise in violation of any governing local ordinance.

19918. Each owner licensee shall maintain security controls over the gambling premises and all operations therein related to gambling, and those security controls are subject to the approval of the commission.

19919. (a) A licensee may remove from his or her licensed premises any person who, while on the premises:

(1) Is a disorderly person as defined by Section 647 of the Penal Code.



(2) Interferes with a lawful gambling operation.  
(3) Solicits or engages in any act of prostitution.  
(4) Begs, is boisterous, or is otherwise offensive to other persons.

(5) Commits any public offense.

(6) Is intoxicated.

(7) Is a person who the commission, by regulation, has determined should be excluded from licensed gambling establishments in the public interest.

(b) Nothing in this section shall be deemed, expressly or impliedly, to preclude a licensee from exercising the right to deny access to or to remove any person from its premises or property for any reason the licensee deems appropriate.

#### Article 9.5. Disciplinary Actions

19920.5. The commission may suspend or revoke a license, permit, or finding of suitability, or may impose a fine, on any ground that would constitute grounds for denial of a license under Section 19850, or for any violation of any provision of this chapter or any regulation adopted thereunder.

#### Article 10. Criminal Acts

19932. (a) A person under the age of 21 years shall not do any of the following:

(1) Play, be allowed to play, place wagers at, or collect winnings from, whether personally or through an agent, any gambling game.

(2) Loiter, or be permitted to loiter, in or about any room or premises wherein any gambling game is operated or conducted.

(3) Be employed as an employee in a licensed gambling establishment.

(4) Present or offer to any licensee, or to an agent of a licensee, any written, printed, or photostatic evidence of age and identity that is false, fraudulent, or not actually his or her own for the purpose of doing any of the things described in paragraphs (1) through (3), inclusive.

(b) Any licensee or employee in a gambling establishment who violates or permits the violation of this section, and any person under 21 years of age, who violates this section, is guilty of a misdemeanor.

(c) Proof that a licensee, or agent or employee of a licensee, demanded, was shown, and acted in reliance upon, bona fide evidence of majority and identity shall be a defense to any criminal prosecution under this section or to any proceeding for the suspension or revocation of any license or work permit based thereon. As used herein, "bona fide evidence of majority and identity" is a document issued by a federal, state, county, or municipal government, or subdivision or agency thereof, including, but not limited to, a motor vehicle operator's license or an identification card issued to a member of the Armed Forces,

which contains the name, date of birth, description, and picture of the person.

## Article 11. Revenues

19940. (a) All fines and penalties collected pursuant to this chapter shall be deposited in a special account in the General Fund, and, upon appropriation, may be expended by the commission and the Department of Justice to offset costs incurred pursuant to this chapter.

(b) Except as otherwise provided in subdivision (a). All fees collected pursuant to this chapter shall be deposited in the Gambling Control Fund which is hereby created in the State Treasury. Funds deposited in the Gambling Control Fund shall be available, upon appropriation, for expenditure by the Department of Justice and the commission, and shall, if appropriated, be appropriated exclusively for the support of the division and commission in carrying out their duties and responsibilities under this chapter.

19941. (a) All fees for issuance or renewal of a state gambling license or key employee license shall be assessed against the gambling enterprise. Except as provided in subdivision (b), the fee for the issuance and renewal of that gambling license shall be determined by the commission.

(b) The commission, upon recommendation of, and in consultation with, the director, shall biannually review the relationship between the fee amounts specified in Section 19941 and the cost of regulation of controlled gambling under this chapter. If, as a result of that review, it appears that the total revenue generated by fees exceeds the reasonable costs of regulation, the commission, by regulation, shall reduce any of the fee amounts.

(c) The commission shall provide for payment of gambling license fees on an annual basis.

19944. Nothing contained in this chapter shall be deemed to restrict or limit the power of any city, county, or city and county to fix, impose, and collect a license fee.

## Article 12. Local Governments

19950. This chapter shall not prohibit the enactment, amendment, or enforcement of any ordinance by any city, county, or city and county relating to licensed gambling establishments that is not inconsistent with this chapter.

19951. (a) No gambling license shall be granted with respect to any gambling establishment located within the territorial limits of any city, county, or city and county which, as of the effective date of this chapter, did not, by ordinance, permit gaming clubs pursuant to former Chapter 5 (commencing with

Section 19800) as it read prior to its repeal by the act that added this chapter to the Business and Professions Code, unless two-thirds of the electors voting thereon affirmatively approve a measure permitting controlled gambling within that city, county, or city and county. The question shall appear on the ballot in substantially the following form: "Shall licensed gambling establishments in which any controlled games permitted by law, such as draw poker, low-ball poker, panguingue (pan), seven-card stud, pai gow poker, pai gow, and super pan 9, are played be allowed in \_\_\_\_\_? Yes \_\_\_\_\_ No \_\_\_\_\_"

(b) In addition, the initial implementing ordinances shall be drafted and appear in full on a sample ballot and shall set forth at least the following:

- (1) The hours of operation.
- (2) The games to be played.
- (3) The wagering limits.

19952. Any amendment to any ordinance permitting controlled gambling that would result in a substantial increase in the total number of gambling tables that may operate in a city, county, or city and county, shall not be valid unless the amendment is submitted for approval to the voters of the city, county, or city and county, and is approved by two-thirds of the electors voting thereon.

(a) For the purposes of this subdivision, "substantial increase" means the following:

- (1) An increase of 25 percent or more from the total number of gambling tables in the city, county, or city and county that were operating or authorized, whichever is the lesser number, on January 1, 1997.

19955. No city, county, or city and county may grant, or permit to continue in effect, a license to deal, operate, carry on, conduct, maintain, or expose for play any controlled game to any applicant or holder of a local license unless the applicant or local licensee is an owner licensee as defined in this chapter. However, the issuance by the commission of a state gambling license to a person imposes no requirements upon the city, county, or city and county to issue a license to the person.

### Article 13. Miscellaneous Provisions

Section 15001 of the Government Code is amended to read:

15001. The department is composed of the Office of the Attorney General, the Division of Law Enforcement, and the Division of Gambling Control.

Section 15001.1 is added to the Government Code, to read:

15001.1. The Division of Gambling Control is responsible for investigation and enforcement of gambling activity in this state as set forth in the Gambling Control Act (Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code).

Section 15001.2 is added to the Government Code, to read:

15001.2. Any process issued by the Division of Gambling Control for purposes of implementing and enforcing the Gambling Control Act (Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code) may be issued in the name of the division. Any hearing conducted by the Attorney General for these purposes may be styled as conducted before the division.

#### SECTION 4. Limitation on Casino Style Gaming

Section 319 of the Penal Code is amended to read:

319. Definition Bunco Defined. Bunco is any scheme for the disposal or distribution of property by chance, among persons who have paid or promised to pay any valuable consideration for the chance of obtaining such property, upon any agreement, understanding, or expectation that it is to be distributed or disposed of by lot or chance, whether called a bunco, raffle, or gift enterprise, or by whatever name the same may be known. Games played with playing cards in a gambling establishment where the outcome is determined by chance or skill does not constitute a bunco, or lottery, provided no more than 30 players may participate in any game. Games played with pari-mutuel video gaming machines in a gambling establishment do not constitute an illegal bunco or lottery.

Section 320 of the Penal Code is amended to read:

320. Contriving, Preparing, or Drawing. Punishment for drawing lottery. Every person who contrives, prepares, sets up, proposes, or draws any lottery or bunco scheme is guilty of a misdemeanor.

Section 330 of the Penal Code is amended to read:

Every person who deals, plays, or carries on, opens, or causes to be opened, or who conducts, either as owner or employee, whether for hire or not, any game of faro, monte, roulette, lansquenet, rouge et noire, rondo, tan, fan-tan, \*\*\*seven-and-a-half, twenty-one, hokey-pokey, or any banking or percentage game, played with cards, dice, or any device, for money, checks, credit, or other representative of value, and every person who plays or bets at or against any of those prohibited games, is guilty of a misdemeanor, which shall be punishable by a fine not less than one hundred dollars (\$100) nor more than one thousand dollars (\$1,000), or by imprisonment in the county jail not exceeding six months, or by both the fine and imprisonment. For purposes of this section, a game is not a "percentage game" solely because a card club collects a fixed fee per wager that varies based on a table limit, or collects a fixed fee for each \$100 increment of each wager made by a player.

Section 337j is added to the Penal Code, to read:

337j. (a) It is unlawful for any person, as owner, lessee, or employee, whether for hire or not, either solely or in conjunction with others, to do any of the following without having first procured and thereafter maintained in effect all federal, state, and local licenses required by law:

(1) To deal, operate, carry on, conduct, maintain, or expose for play in this state any controlled game or gambling equipment used in connection with any controlled game.

(2) To receive, directly or indirectly, any compensation or reward or any percentage or share of the revenue, for keeping, running, or carrying on any controlled game.

(3) To manufacture or distribute within the territorial boundaries of this state any gambling equipment to be used in connection with any controlled game.

(b) It is unlawful for any person to knowingly permit any controlled game to be conducted, operated, dealt, or carried on in any house or building or other premises that he or she owns or leases, in whole or in part, if that activity is undertaken by a person who is not licensed as required by state law, or by an employee of that person.

(c) Any person who violates, attempts to violate, or conspires to violate this section shall be punished by imprisonment in a county jail for not more than six months, or by a fine of not more than one thousand dollars (\$1,000), or by both that imprisonment and fine.

(d) (1) As used in this section, "controlled game" means any game of chance played for currency, check, credit, or any other thing of value, including backline wagering and progressive jackpots.

(2) As used in this section, "controlled game" does not include any of the following:

(A) Games prohibited and made unlawful by Chapter 9 (commencing with Section 319) or by local ordinance.

(B) The game of bingo conducted pursuant to Section 326.5.

(C) Parimutuel wagering on horse races regulated by the California Horse Racing Board.

(D) Any lottery game conducted by the California State Lottery.

(E) Games played with cards in private homes or residences in which no person makes money for operating the game, except as a player.

Section 19896 of Chapter 5 of Division 8 of the Business and Professions Code is added to read:

19896. (a) Notwithstanding any other provision of law, including Sections 330a, 330b and 330.1 of Chapter 10 of Title 9 of Part 1 of the Penal Code, the Commission shall grant a license to an applicant for the operation of California style gaming if the applicant and the application meet all of the following:

(1) The applicant qualifies for a license to conduct controlled games pursuant to this Chapter;

(2) The application specifically identifies the location of California style gaming operations as permitted by subdivision (b).



(b) California style gaming shall only be permitted at establishments in the following locations in the State:

(1) California style gaming shall be permitted in establishments located in the City of Palm Springs in Riverside County if by a majority vote, the electors in Palm Springs have conditionally approved all forms of legal gambling and games allowed under California law, as amended from time to time, prior to January 1, 1996. No more than 3,000 pari-mutuel video gaming machines may be installed or operated in all gaming establishments in the City of Palm Springs.

## SECTION 5. Taxation of Gambling Establishments

Chapter 1 (Commencing with section 31001) of Part 13.5 of Division 2 of the Revenue and Taxation Code is added to read:

### CHAPTER 1. GAMING TAX

31001. This part is known and may be cited as the "California Gaming Tax Law."

31002. Unless the context otherwise requires, the definitions set forth in this chapter and those in Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code govern the construction of this part.

32003. "Tax" as used in this part, means the tax imposed on the gross revenue derived from California style gaming by an operator or establishment licensed by the California Gambling Control Commission pursuant to Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code.

32004. The tax imposed by this part is in addition to any other state or local tax, fee or charge that may be imposed under existing law. Nothing in this chapter shall be construed to preclude any city, county or city and county from imposing any local tax or license fee, if the tax or fee is not inconsistent with this chapter.

32005. Every gambling operation or enterprise licensed to conduct California style gaming by the California Gambling Control Commission pursuant to Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code shall annually pay to the State a tax on its gross revenue derived from California style gaming and at the rate hereinafter specified.

32006. The rate of tax applied to the annual gross revenue is ten (10) percent.

32007. The Franchise Tax Board may not require periodic prepayments of the annual tax for the current year.

32008. On or before May 15, every person who is subject to the tax imposed by this chapter, in respect to the preceding calendar year shall file a tax return with the Franchise Tax Board in such form as the Board may prescribe.

32009. The Legislature and Franchise Tax Board shall provide for granting of extensions, prepayment of tax, penalties

and interest and enforcement of the tax imposed by this chapter and such other matters as deemed necessary for the uniform application of this chapter and collection of tax.

#### SECTION 6. State Use of Tax Revenue

Section 30051.5 and 30051.6 of Chapter 6.5 of Division 3 of Title 3 of the Government Code is added to read:

30051.5. The revenue generated by the tax imposed pursuant to Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code shall be allocated to the benefit of local public safety as specified in section 30051.

30051.6. The Auditor General shall have the independent authority to audit funds deposited into the local public safety fund by this Act to ensure that the funds are used only for public safety purposes.

#### SECTION 7. Severability

If any provision of this Act or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the measure which can be given effect without the invalid provision or application, and to this end the provisions of this measure are severable.

#### SECTION 8. Liberal Construction

This act is an exercise of the police power of the state for the protection of the health, safety, and welfare of the people of the State of California, and shall be liberally construed to effectuate those purposes.

#### SECTION 9. Effective Date

This Act shall become effective immediately upon its approval by the voters. In the event this measure is not approved by the voters in 1998, all applicable dates in the Act shall be deemed to be two years later.

#### SECTION 10. Amendment

Except for section 4 and section 9 of this Act, the Legislature may amend this Act by a statute passed in each house of the Legislature by rollcall vote entered in the journal, if the statute is consistent with and furthers the purposes of this Act.

## SECTION 11. Conflicting Measures

In the event another Measure to be voted on by the voters at the same election as this Measure, and which constitutes a comprehensive regulatory scheme, receives more affirmative votes than this Measure, the electors intend that any provision or provisions of this Measure not in direct and apparent conflict with any provision or provisions of another Measure, shall not be deemed to be in conflict therewith, and shall be severed from any other provision or provisions of this Measure which are in direct and apparent conflict with the provision(s) of another Measure. In such event, the provisions shall be severed according to the provisions of Section 7 of this Measure upon application to any court of competent jurisdiction.

In the event the Legislature has adopted, and the Governor has signed, a statute or statutes which constitute a comprehensive regulatory scheme which shall become effective only upon the occurrence of one or more specific events, it is the intent of the voters that this measure shall supersede the Legislative enactment in its entirety.



